

Recreational Vehicle Financing - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/R184ABDD6784EN.html>

Date: July 2024

Pages: 100

Price: US\$ 4,750.00 (Single User License)

ID: R184ABDD6784EN

Abstracts

The Recreational Vehicle Financing Market size is estimated at USD 36.75 billion in 2024, and is expected to reach USD 48 billion by 2029, growing at a CAGR of 7.69% during the forecast period (2024-2029).

The recreational vehicle financing market exhibits a moderately consolidated landscape, dominated by a few major global players such as LendingTree, LightStream, Wells Fargo Bank, Bank of America, Chase (JPMorgan Chase), and others. These companies have established a stronghold in the market through extensive product portfolios, technological advancements, and strategic collaborations.

In recent years, the recreational vehicle financing sector has experienced substantial growth, driven by factors such as the increasing popularity of recreational vehicle travel, advancements in recreational vehicle technology, and the emergence of innovative financing solutions. As per the Recreational Vehicle Industry Association, in the US alone, the recreational vehicle industry creates USD 50 billion in economic impact annually. More than 23,000 businesses are currently involved in the industry, creating nearly 45,000 direct employment opportunities and USD 3 billion in direct wages. As a result, the recreational vehicle financing industry has become an essential component of the broader recreational vehicle market.

Several driving factors have contributed to the increasing demand for recreational vehicle financing. Firstly, the COVID-19 pandemic has shifted consumer preferences toward domestic travel and outdoor activities as people seek safer alternatives to international vacations. Additionally, advancements in recreational vehicle technology have resulted in more fuel-efficient, eco-friendly, and technologically advanced vehicles,

making them increasingly appealing to a wider audience. Furthermore, the rise of the gig economy and remote work has enabled more individuals to take extended vacations, fuelling the demand for recreational vehicles as a comfortable and flexible accommodation option. Lastly, user-friendly online platforms and financing options have made it easier for potential buyers to research, compare, and secure financing for their desired recreational vehicle.

The recreational vehicle financing market faces several challenges and opportunities. One of the primary challenges is the cyclical nature of the recreational vehicle industry, which is influenced by economic fluctuations and consumer confidence. During economic downturns, recreational vehicle sales and financing may decline as potential buyers become more cautious with their spending. However, this also presents an opportunity for recreational vehicle financing companies to offer attractive deals and incentives to encourage purchases during these periods. Soon, innovative financing options that promote eco-friendly recreational vehicles and sustainable practices can help overcome these challenges and contribute to a more sustainable future for the industry.

The future of recreational vehicle financing looks promising as the market continues to adapt and evolve to meet the changing needs of consumers. Additionally, the increasing integration of smart technology and connectivity features in recreational vehicles will drive demand for advanced financing solutions tailored to these high-tech vehicles. Lastly, the ongoing focus on sustainability will lead to more environmentally conscious financing options, supporting the development of eco-friendly recreational vehicle models and promoting responsible travel practices. Overall, the recreational vehicle financing market is expected to remain a dynamic and essential component of the broader recreational vehicle industry in the years to come.

Recreational Vehicle Financing Market Trends

Shift in Consumer Preferences Increases the Demand in the Market

The growing interest in recreational vehicle (RV) financing is primarily due to the increased focus on domestic travel and outdoor activities, which has become more prominent since the COVID-19 pandemic. This shift in consumer behavior has led to a higher demand for RVs as a comfortable and convenient accommodation choice for vacations and trips.

Several factors have contributed to this change. Firstly, concerns about health and

safety have made international travel less appealing, causing a surge in demand for domestic vacations. People buy RVs mainly for family camping and cost savings, as an RV vacation can be over 60% cheaper than a traditional hotel-based vacation. Popular RV types include travel trailers, Type A motorhomes, fifth wheels, and park-model recreational vehicles (PMRVs). In the United States, one in five RVs is a travel trailer, while fifth wheels are gaining popularity.

Additionally, the pandemic has sparked an interest in outdoor activities and experiences as people seek to enjoy nature and escape their homes. RVs provide a comfortable base for exploring national parks, scenic routes, and various outdoor attractions. Furthermore, the shift in consumer preferences for RV financing is driven by the desire to reconnect with family and friends, as RVs offer a unique opportunity for families and friends to travel together while maintaining a safe and private environment.

The average RV financing amount for a household is over USD 45,000. In the United States, 40 million people participate in RV camping, with Americans being the largest market segment. Millennials are increasingly engaging in RV camping, accounting for 38% of campers, although Generation X and Baby Boomers still dominate the market. The typical RV-owning household has an income of around USD 62,000 and uses their RV for an average of four weeks per year. Since 2001, there has been a 16% increase in RV ownership in the US, and 60% more households own an RV compared to 1980.

Lastly, the rise of remote work has enabled many individuals to take extended vacations and work from various locations. RVs provide a convenient and comfortable living space for these remote workers, allowing them to maintain their work-life balance while exploring new destinations. In summary, the shift in consumer preferences for recreational vehicle financing is driven by factors such as health and safety concerns, flexibility, affordability, the desire for outdoor experiences, and the ability to connect with family and friends, all of which contribute to the growing popularity of RVs as a preferred accommodation option for domestic travel and vacations.

Asia-Pacific is Anticipated to Register the Highest Growth During the Forecast Period

Asia-Pacific is anticipated to register the highest growth during the forecast period for the Recreational Vehicle (RV) Financing Market. This growth can be attributed to several factors, including increasing disposable income, a growing middle-class population, and rising domestic tourists. As economies in Asia-Pacific continue to grow,

disposable incomes are increasing. This growth in disposable income enables more people to afford RVs, leading to a higher demand for RV financing. In 2022, the household disposable income in Asia accounted for USD 21.20 trillion, which is greater than 2019 (USD 19.04 trillion). As a result, financial institutions and lenders are offering various financing options to cater to this growing market segment.

The middle class in Asia-Pacific is expanding rapidly, and this demographic is increasingly seeking recreational activities, including RV travel. As more people from the middle class invest in RVs, the demand for RV financing also increases, driving the growth of the RV Financing Market in the region. In addition to convenience, cost savings, and health concerns, there has been a significant increase in domestic tourism in Asia-Pacific. RVs offer a comfortable and flexible accommodation option for these domestic travelers, allowing them to explore various destinations at their own pace. This rise in domestic tourism has led to a higher demand for RVs and, consequently, RV financing.

In countries like Japan, the country's aging population also drives the demand for these products as they offer a comfortable and convenient way to travel and explore the country. Japan has an aging population, with over 28% being 65 years or older. This demographic is increasingly seeking out leisure activities such as camping and sightseeing, as they offer a chance to connect with nature and enjoy a slower pace of life. Caravans and motorhomes provide a comfortable and convenient way for seniors to travel and explore the country's scenic beauty. As per the Japan RV Association, the total annual sales value of camping vehicles in Japan amounted to around JPY 76.25 billion in 2022. This shows that recreational vehicle financing will be the better option for people.

Furthermore, governments in the Asia-Pacific are promoting domestic tourism by developing and improving infrastructure for RV parks and camping sites. These initiatives create a favorable environment for the growth of the RV Financing Market, as they encourage more people to invest in RVs and explore their own countries. In India, the government will allow private players to set up caravan parks on private or government land in buffer zones such as forests, the foot of the fort, hill stations, and dams. Caravan parks can be set up near Maharashtra Tourism Development Corporation (MTDC) accommodations or on their open land, as well as at Agri-tourism centers.

As more people in Asia-Pacific become aware of the benefits of RV travel, such as cost savings, flexibility, and the ability to connect with nature, the demand for RVs and RV

financing is expected to grow. This increased popularity of RVs will contribute to the highest growth in Asia-Pacific during the forecast period.

Recreational Vehicle Financing Industry Overview

The recreational vehicle financing market exhibits a moderately consolidated landscape, dominated by a few major global players such as LendingTree, LightStream, Wells Fargo Bank, Bank of America, Chase (JPMorgan Chase), and others. These companies have established a stronghold in the market through extensive product portfolios, technological advancements, and strategic collaborations.

In December 2023, KKR acquired a USD 7.2 billion portfolio of prime recreational vehicle loans. This move demonstrates KKR's continued interest in the growing RV industry and strengthens its presence in the consumer finance sector.

In July 2023, US Bank unveiled a new online marketplace for recreational vehicles and boats, developed in collaboration with Rollick. The platform aims to provide a seamless shopping experience for customers, offering financing options and expert advice on RV and boat purchases.

In December 2023, Sidley represented KKR in the acquisition of a USD 7 billion portfolio. This transaction marks another significant milestone for KKR as it continues to expand its presence in the consumer finance industry, particularly within the recreational vehicle sector.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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